

## Report of Independent Accountants

To the Management of  
ATX Communications

We have examined ATX Licensing, Inc.'s and CoreComm NewCo, Inc. (together, "ATX" or the "Company") compliance with the payphone call tracking system requirements set forth in Appendix C of the Federal Communications Commission's ("FCC") Report and Order 03-235<sup>1</sup> (the "Order") as of June 30, 2005. Management is responsible for Company's compliance with those requirements. Our responsibility is to express an opinion on the Company's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Company's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Company's compliance with specified requirements.

Our examination disclosed the following material noncompliance with the Order applicable to ATX Communications as of June 30, 2005. The Order specifically required that the initial System Audit Report be filed with the FCC on or before June 30, 2004. The initial System Audit Report was filed subsequent to the date required by the Order.

In our opinion, except for the material noncompliance described in the preceding paragraph, the Company complied, in all material respects, with the aforementioned requirements as of June 30, 2005.

This report is intended solely for the information and use of ATX and all other parties specified in the Order and is not intended to be and should not be used by anyone other than these specified parties.



June 30, 2005

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<sup>1</sup> Refers to the Federal Communications Commission Report and Order CC Docket No. 96-128 *In the Matter of The Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996* Report and Order, released October 3, 2003.



Voice | Internet | Data | Wireless

## **Report of Management on Compliance With the Federal Communications Commission's Third Payphone Order<sup>1</sup>**

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Management of ATX Licensing, Inc. and CoreComm Newco, Inc. ("ATX") is responsible for complying with the requirements set forth in FCC 03-235, released October 3, 2003 and effective July 1, 2004 (the "Third Payphone Order") as the date of this report. Management is also responsible for establishing and maintaining effective internal control over compliance with the Third Payphone Order.

Management has performed an evaluation of ATX's compliance with the requirements of the Third Payphone Order as of the date of this report. Based on this evaluation, we assert that ATX has complied with the requirements of the Third Payphone Order, except for the deadline in which the initial System Audit Report was required to be filed with the FCC.

ATX complied with the requirements of the Order, except for the filing deadline for the initial System Audit Report, in the following manner:

1. ATX has developed a system to identify and track coin-less access code or subscriber toll-free payphone calls to completion.
2. ATX has designated persons or has contracted with a third-party entity responsible for tracking, compensating, and resolving disputes concerning completed payphone calls.
3. ATX has developed data monitoring procedures to track completed payphone records from call origination through the payphone compensation process.
4. ATX has established internal protocols to ensure any software, personnel or network changes do not adversely affect ATX Communication's ability to track payphone call records.
5. ATX has in place processes to create a quarterly compensable payphone call file by applying logic that matches call detail records against payphone identifiers to call data for the purposes of identifying and selecting compensable payphone records. The first quarterly compensable payphone call file will be produced for the quarter ended September 30, 2004.

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<sup>1</sup> The "Third Payphone Order" refers to *In the Matter of The Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996*, CC Docket No. 96-128, Report and Order, FCC 03-2235, released October 3, 2003 by the Federal Communications Commission ("FCC"). The requirement of the Third Payphone Order are set forth in the Appendix C of the above referenced Report and Order.

6. ATX has developed procedures to create a compensable payphone call file for the purpose of creating the following required quarterly reports:

Completing Carrier Reports

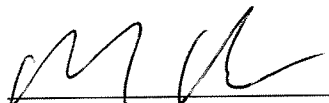
- a. A list of toll-free and access numbers dialed from each of the payphone service provider's payphones and the Automatic Number Identification ("ANI") for each payphone;
  - b. The volume of calls for each ANI identified in "a" above that were completed by ATX;
  - c. The name, address, and phone number of the person or persons responsible for handling ATX Communication's payphone compensation; and,
  - d. The carrier identification code ("CIC") of all facilities-based long distance carriers that routed calls to ATX, categorized according to the list of toll-free and access code numbers identified in "a" above.
7. ATX has developed and implemented procedures and controls to identify, respond to, and resolve disputes. ATX Communication's identified point of contact for dispute resolution is located at [www.atx.com](http://www.atx.com) or 1-800-220-1024.
  8. ATX has developed and implemented controls around the payphone tracking process to ensure the number of payphone records that fall-out of the process are insubstantial.
  9. ATX has developed a process and business rules that accurately identify:
    - a. Payphone originated calls, based on ANI Info-digits 25, 27, 29 or 70.
    - b. Completed payphone calls that are compensable to the payphone service providers, based on whether the call was made to a toll free number, which are eligible for Dial Around Compensation (DAC). In the East region, ATX uses the Answer Qualifier along with four timepoints to derive the Call\_Type field. If the call is completed, the Call\_Type field is not equal to 'N'. ATX identifies completed calls in the Midwest region by call duration. When the call duration is greater than 0, the call was answered.
    - c. Payphone calls that are incomplete or otherwise non-compensable if the Call\_Type is set to 'N' in the East region. The Call\_Type field is derived from the Answer Qualifier along with four timepoints. In the Midwest region, duration equal to zero identifies an incomplete call.

- d. The payphone service providers to which ATX owes compensation. On a quarterly basis the Billing Operations and Information Services groups review requests for payment from the PSPs who provide them with the Payphone ANIs that calls were originated on. The call detail records that ATX has accumulated of valid and billable payphone calls are matched to the PSP request files to determine the number of calls per ANI that ATX shows available for compensation to the PSPs. The Billing Operations group submits the matched file to the Accounting group from which the above identified reports are compiled.

June 30, 2005

ATX

By:

A handwritten signature in dark ink, appearing to be 'N. Peritz', is written over a horizontal line.

Neil C. Peritz  
CFO, Controller and Treasurer